

Statement of Rep. Tom Davis
Ranking Member
Oversight and Government Reform Committee Hearing
“Management of Large Homeland Security Contracts:
Deepwater and SBInet.”

February 8, 2007

Today we examine two critical acquisitions by the Department of Homeland Security: the Coast Guard’s *Deepwater* shipbuilding and aircraft replacement program, and *SBInet*, an ambitious border security effort by the Customs and Border Patrol. Both are vital components of the Department’s plans to meet its evolving mission in the years ahead. Both multi-billion dollar programs promise great operational benefits. And both pose substantial risks to homeland security and fiscal integrity if they’re not done right. So I’m pleased the Committee will examine these programs and I look forward to today’s testimony and future hearings on improving federal procurements.

These large-scale, complex, multi-year acquisitions are being undertaken using a lead system integrator. That approach has its critics, and both programs offer important lessons on the advantages and pitfalls of that particular contracting vehicle. *Deepwater*, four years into a planned 25-year project, has experienced well-documented troubles. The Government Accountability Office, the DHS Inspector General and other congressional committees have found the Coast Guard’s vanguard fleet replacement program in danger of running aground. Most recent reports suggest the program is getting back on course. With so many critical sets of eyes already trained on the program, this Committee’s challenge today will be to bring a fresh perspective and not simply rehash old complaints about the *Deepwater* program or the systems integrator concept in general.

And *Deepwater* can serve as a cautionary tale for *SBInet*. Work on the integrated border security program has just begun. The contract is only four months old and currently within budget. But issues regarding the adequacy of oversight mechanisms, cost controls and contractor performance assessments that plagued *Deepwater* are already being raised about this program. And legitimately so. There’s a great deal at stake and we should take every opportunity to use our oversight – vigilant watchfulness – to keep *SBInet* on schedule and within cost.

That having been said, we need to be just as careful to distinguish between faults specific to particular programs and any general conclusions about the appropriateness or efficacy of the lead system integrator concept. It can be done well, and there are circumstances in which it is the most appropriate method to acquire the best value for the government.

Deeepwater may yet prove to be such a program. In the late 90's, under the Clinton administration, faced with the realities of an aging fleet of ships and aircraft, the Coast Guard chose to use a private contractor as a lead systems integrator for its most ambitious acquisition program ever. They chose this method because the Coast Guard did not have the staff, the technical expertise, or perhaps the desire to divert substantial internal management resources to a complicated acquisition. They evaluated their options, including asking the Navy for help, and determined none would be better than using the lead systems integrator approach. Similar considerations were explored by DHS for *SBI*net and their conclusions, so far, seem just as sound.

In attempting to secure the homeland, we face a dispersed and adaptable adversary. Our efforts to empower personnel, strengthen infrastructure and integrate complex technologies against that threat have to be just as nimble and innovative. Detailed examination of these programs, and the contracting modes used to build them, will help us reach that goal.